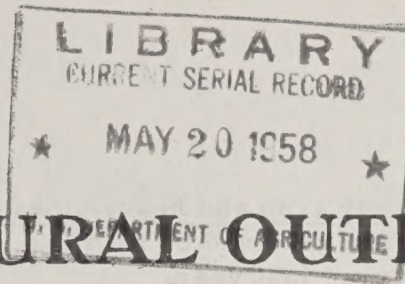


Reserve
1.941
S8A982



FOR RELEASE
JUNE 25 A. M.
1957

The AGRICULTURAL OUTLOOK DIGEST

DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D.C.



AOD-30 JUNE 1957

The country's farm output has found strong domestic demand and expanded foreign outlets so far this year.

Spending for food in the first quarter was up 5% from a year earlier, matching the rise in consumer income. Because of growth in population, the gain in food expenditures per person was about 3%.

Higher prices account for most of the increase in expenditures for food. Consumers paid 4% higher prices for a "market basket" of foods produced on U. S. farms. Both prices farmers received for these foods and charges for getting the foods from farm to consumer were up about the same amount.

Food marketing firms paid higher operating costs in the first quarter than in the same months of 1956. Hourly earnings of employees, transportation rates, prices of supplies, equipment and other things were generally up. Further increases in these costs are likely during the rest of this year.

Food is sharing a generally strong demand for goods and services. Rising income is bolstering sales in consumer markets. Business spending for plants and equipment has been running well above a year earlier. Spending by Federal, State and local governments also is ahead of 1956.

Exports of wheat, rice, cotton, soybeans and soybean oil are at or above previous highs. Value of farm exports the first 10 months of this fiscal year was 43% above a year earlier.

The 1957 crop season is off to a good start. Prospects on June 1 were good to excellent in most parts of the country though heavy rain has delayed plantings and caused some loss in areas of the Central and South Central regions. Forage growth has been excellent. Continued favorable weather would mean another year of heavy total farm output.

CATTLE. Summer marketings off grass will be down from last year but sales of fed cattle will be as large or larger. Prices for fed cattle will likely continue steady to stronger for the next several months. Seasonal declines for lower grades are in prospect but prices are likely to continue about last year.

HOGS. Prices probably will hold above a year earlier this summer. The decline in the fall may be sharper than last year...prices may be below a year earlier by year's end.

DAIRY. Prices of both fluid and manufacturing milk are running a little above a year earlier. Average to farmers is up a little for third consecutive year.

Last year, Americans consumed about the same quantity of dairy products per person as in 1955. Use of fluid milk and ice cream was up. Evaporated milk consumption dropped to the lowest level since the mid-1930's. Use of butter from commercial sources was lowest on record. Including butter from Government stocks, consumption was below 1955.

EGGS. Prospects for a production cutback this fall should strengthen prices by late summer. Fall average is likely to be above last year. Prices in early summer were lowest so far in 1957.

TURKEYS. This year's record turkey crop and heavy storage stocks--almost double a year ago--are depressing prices. Average received by farmers in mid-May was about 25 cents a pound, nearly 6¢ below the same time last year.

SOYBEANS. Prices have declined moderately the last month and are likely to continue around current levels the rest of this marketing year. Exports are running at record rates and are likely to total at least 80 million bushels this marketing year. Previous record was 67 million in 1956-57.

FEED. Feed grain prices in mid-May averaged 8% below a year earlier. Contributing to the decline are larger stocks of "free" corn, favorable prospects and lower supports for 1957 small grain crops, improved condition of pastures and ranges. If 1957 feed crop prospects continue favorable, feed prices probably will continue lower this summer than last.

WHEAT. Exports for this marketing year--which ends June 30--are expected to reach 535 million bushels. About 600 million will be used domestically. This is expected to reduce the carryover on July 1 to about 900 million bushels. Last year it was 1,033 million.

Some further reduction in carryover seems probable by July 1, 1958. This year's crop is estimated at 971 million bushels, a little less than is likely to be needed in U. S. and export markets.

FRUIT. Production prospects for the 1957 deciduous fruit crop and the 1957-58 citrus crop continue favorable. Demand for fruit continues generally strong.

VEGETABLES. Fresh vegetable production for early summer is estimated to be up 9% from 1956...10% from average. Increased output is likely to push the price average below a year earlier.

Acreage in 9 vegetables for processing is down 3% from last year...yields are unlikely to reach last year's high average. This indicates a substantial cut in output this year.

POTATOES. Supplies are likely to continue heavy and prices relatively low through early summer. Early summer crop is expected to be about the same as a year earlier but more potatoes than last year are expected to be marketed from the late spring crop.

COTTON. The largest export in over 2 decades--7 1/2 million bales--is expected for 1956-57. While domestic use is down half a million bales from last season, total disappearance is likely to be large enough to cut the cotton carryover on August 1 to 11.6 million bales, almost 3 million less than last year.